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“ GRAPHIC ”

IMPEACHMENT; AND CORRESPONDENCE BETWEEN
SIR FRANCIS HINCKS, K.C.M.G., C.B., THE HON. JOHN
HAMILTON, SENATOR, EDWARD ALEXANDER
PRENTICE, and J. L. MORRIS, BAR-
RISTER, *et al.*—OF MONTREAL ;

*The object of the three last-named gentlemen being, to ascertain what
the first-named gentleman and his co-directors have done with the
capital of the Company and its large revenues, no portion of
which has yet reached the Shareholders, although the concern has
been “going” for six years.*

MAY, 1878.



*To Sir Francis Hincks, K.C.M.G., C.B., President, Geo.
Stephens, Esq., Vice-President, and the Directors of the
Graphic Company.*

GENTLEMEN,—In view of the dissatisfaction existing as to your management of the affairs of this Company, we hereby request you to resign your positions as President, Vice-President and Directors of this Company, and that you will allow the shareholders, outside of yourself, to elect a Board of Directors in whom they will have confidence.

We have the honour to be, gentlemen,

Yours respectfully,

The Hon. JOHN HAMILTON,

(By his Att'y.)

EDWARD ALEX. PRENTICE.

M. SCHWOBB.

F. S. LYMAN.

JOHN L. MORRIS.

MACDOUGALL BROS.

THOMAS DAVIDSON.

H. S. MACDOUGALL.

GEO. M. HAMILTON.

J. D. CRAWFORD.

SIR JOHN ROSE, Bart.,

(By his Att'y.)

P. A. FAUTEAUX,

Manager La Banque Ville Marie.

D. C. MCCALLUM.

CHARLES GEDDES.

V. HUDON.

LA BANQUE NATIONALE.

And Others.

THE GRAPHIC COMPANY.

To the Editor of the GAZETTE.

SIR,—I enclose a correspondence with reference to the proceedings at the late meeting of the *Graphic* Company, which I hope you will insert, and that those journals which have noticed those proceedings, will likewise give it either in full or in substance. Allow me to add that the Directors hold among themselves 1,659 out of 2,500 1st preference shares, 1,883 out of 2,390 2nd preference shares, and 529 ordinary shares, in all 4,071 shares, or a majority of the whole stock; and that they likewise hold proxies for 1,033 shares, 832 of which are 1st and 2nd preference.

I am,

F. HINCKS,

President *Graphic* Co.

[No. 1.]

MONTREAL, 11th May, 1878.

The HON. JOHN HAMILTON.

SIR,—At a meeting of the shareholders of the *Graphic* Company, held yesterday afternoon, the directors were presented with a requisition to resign, in order that a new Board of Directors should be appointed, by certain dissatisfied shareholders. The requisition was signed first in your name by Mr. E. A. Prentice, who, likewise represented other requisitionists, who numbered in all 29, holding 1,411 shares, chiefly of the ordinary stock of the Company, while 64 shareholders, representing 6,089 shares, including nearly all the 1st and 2nd preference stock, took

no part in the requisition. Under the circumstances, a mere statement of this fact might be considered sufficient; but as you, and many of the requisitionists, were absent from the meeting, I consider it my duty to submit to you a formal refutation of the attacks made on the Directors, on the authority of yourself and others.

The principal accusation is that we proposed, more than a year ago, to sell the goodwill and plant of the *Graphic* newspaper, and that it appears from the report, recently made by James Stewart, that this paper ought to be a very valuable and paying property, and that its sale would have been a great mistake. The observation I shall make in reply is that, on the assumption that Mr. Stewart is correct in his opinion, it is due solely to the present directors and their associates that the paper is now in existence. But for the money which they raised to carry on the business, the whole concern would have been sold out fully three years ago. It was one of the stipulations in the prospectus, issued under the auspices of Mr. Prentice, that the managing directors should be selected by the promoters of the company; and, in accordance with this stipulation, the managing directors were so selected, with large powers as to management—powers which I presume it was necessary to give them. The original capital had been completely exhausted prior to my becoming a member of the board of directors. I need scarcely remark that I sincerely wish that the whole concern had then been disposed of, as it would have been had the directors and their associates manifested the same want of confidence that was exhibited by the present requisitionists, with hardly an exception. Impressed, as the directors were, with the conviction that Mr. Stewart has so lately expressed, that the paper was a valuable property, and that its want of success was mainly attributable to the depressed state of business which has prevailed in the United States since 1873, the directors came forward and subscribed preferential stock, by which

means they saved the company from going into liquidation; and, when even that was found insufficient, they obtained additional means by giving their personal security. The demands were so heavy, and the loss of the paper so disastrous, that towards the close of 1876 the directors unanimously resolved that they would advance no more money, and that the paper must be stopped at the close of the year. It was under such circumstances that they entertained a proposal from a new company to purchase the paper, having the *Graphic* company to retain the job and manufacturing branch of the business. In this new company the *Graphic* company was to have a substantial interest, amounting to one-fourth in paid-up stock, and other contingent advantages. Had this arrangement been carried out it would have been highly advantageous to the company. No attempt has been made by the dissatisfied shareholders, or by Mr. Stewart, to explain how the directors were to obtain the money required to carry on the paper. The choice was between a sale and the stoppage of the paper. It has been asked how it is that the paper has been carried on since; the answer to which is, that the managing directors have obtained means on their own responsibility, as the directors here had positively refused to increase their liability.

The issue now presented to us is this: a small minority of the shareholders who would never give pecuniary assistance towards carrying on the business, call on those holding or representing the bulk of the stock, and who, moreover, have incurred personal responsibility, to transfer to them the management of the Company—as I stated to the meeting, let the dissatisfied shareholders relieve the directors of their personal responsibility, and they are quite ready to retire from the management. I fearlessly appeal to you as to the reasonableness of this proposition. With regard to the proceedings at the meeting, I must complain of the newspaper reports, which have wholly

omitted the insulting language of Mr. Prentice, which led to the interruption of the meeting, and to the withdrawal of myself and my co-directors. I must remind you that your representative, Mr. Prentice, at the previous meeting, is truly reported in the *Montreal Gazette*, as having charged the directors with conduct, for which, to use his own expression, they ought to be "jugged." This was submitted to in silence, but when at the meeting yesterday he was proceeding in a similar strain, I felt it my duty as chairman to interrupt him and tell him that such insolence was intolerable, and that he must conduct himself as a gentleman and not as a blackguard. He at once declared that he would resort to personal violence but for my age, whereupon another director informed him that he was not sheltered by age, and he characterized his conduct in language even stronger than mine. This led to a scene of uproar and violence, which induced me and my co-directors to retire, declaring the meeting closed. I observe by the papers that a resolution was adopted by those who remained with Mr. Prentice, appointing a committee to compel the resignation of the directors, or the appointment of a committee of control, and your name is the first on the list of that committee. I can assure you that the directors will not resign, unless responsible shareholders are prepared to relieve them of their personal responsibility, and if the object of the discontented shareholders is to appeal to the law, the directors are prepared to meet them, and abide by the result. If, on the other hand, the dissatisfied shareholders really wish the prosperity of the company, the directors are prepared to meet and confer with and co-operate with a committee of the dissatisfied shareholders. They, however, will not consent that Mr. Prentice or his legal adviser, Mr. Morris, be members of such committee. There were several gentlemen present at the meeting, such as Dr. Hingston, Dr. McCallum, Mr. H. S. MacDougall, Mr. Geddes, Mr. James Stewart, Mr. Stod-

dart and others, to whom their would be no objection, and, of course, none to yourself. If, therefore, there is any disposition for cordial co-operation, the dissatisfied shareholders can elect a committee with which the directors can confer as to any measures it may be thought proper to adopt.

You are well aware that, as regards yourself, you were offered a seat on the board, which you refused, and that all the information in the possession of the directors has been repeatedly tendered to you. Had you desired information, I could have proved to you, as I can at any time to any committee of business men, that if the sale of the paper on the terms agreed on by the directors had been carried out, the company would be in a much more prosperous state than it is. With regard to the future, I deeply regret to have to state that the course taken by yourself and a minority of the stockholders is calculated to be deeply injurious to the company. The directors are not only willing, but anxious to concur in any arrangement that any disinterested persons may consider reasonable; but if you and your co-requisitionists are determined to support Mr. Prentice in his hostile and offensive proceedings, the directors are quite ready to defend themselves.

I am, sir,

Your obedient servant,

F. HINCKS.

[No. 2.]

Montreal, 14th May, 1878.

To SIR FRANCIS HINCKS, *President of the Graphic Company :*

SIR,—At a meeting, held to-day, of the committee of shareholders of the *Graphic* company, appointed

at the last adjourned meeting, your letter to me, of the 11th instant, was submitted.

In answer to your proposition, made upon behalf of the directors, to confer with and co-operate with a committee of "the dissatisfied shareholders," excluding Messrs. Prentice and J. L. Morris. I am instructed to say that the committee are unanimously of opinion that your selection of the *personnel* of the committee is tantamount to a declaration that you will not confer with the shareholders.

Messrs. Prentice and J. L. Morris, having taken the most active and intelligent interest in the affairs of the company, have the confidence of the shareholders, who, as you are aware, nominated them upon a committee to confer with the directors. This committee is composed of myself, as chairman, Messrs. Prentice, J. L. Morris, James Stewart, and F. S. Lyman; and we are ready to meet the directors, with the view of acting with them for the best interests of the company; but, if you refuse to meet us, the responsibility of such legal proceedings as will be taken will rest upon the Directors.

The committee further desire me to say that they consider that you have incorrectly stated, in your letter, what took place at the late adjourned meeting.

In their opinion, Mr. Prentice had used no offensive language before you, as chairman, refused to give him information as to the circulation of the *Daily Graphic*, and then interrupted him by using most offensive language.

I have the honour to be,

Sir,

Your obedient servant,

(Signed)

JOHN HAMILTON,

*Chairman of Committee appointed by Shareholders
of the Graphic Company.*

[No. 3.]

MONTREAL, 15th May, 1878.

To the HON. JOHN HAMILTON, Montreal.

SIR,—I have the honor to acknowledge the receipt, this afternoon, of your letter of the 14th ult., acquainting me of the unanimous opinion of the Committee appointed by certain shareholders of the *Graphic* Company, of which you are Chairman. In reply, I have to state that I never proposed to select the *personnel* of the Committee. I objected to the names of two individuals, who, from their proceedings heretofore, I am of opinion, have no desire to restore harmony among the shareholders. You affirm that these gentlemen "have the confidence of the shareholders." I beg to deny the correctness of the statement. The requisition submitted at the late meeting was signed by the holders of 157 of 2,500 first preferred shares, of 149 out of 2,390 second preferred shares, and of 1,105 out of 2,610 ordinary shares. With a view, if possible, to promote harmony, the Directors will meet a Committee, composed of any Shareholders of the Company, with the single exception of Mr. Prentice, with whom they can hold no intercourse after what has passed. I must repeat my assertion, which can be confirmed by several in the room, that Mr. Prentice was most discourteous in his language before I interrupted him. I admit that I did refuse to give him the circulation of the paper, and Mr. Stewart, one of your own Committee, admitted that it ought not to be given. That refusal did not justify the use of discourteous language, and you make no reference to the gross language used at the previous meeting, which alone would prevent the Directors from meeting Mr. Prentice. I am willing to accept the responsibility, under the circumstances, of declining to meet Mr. Prentice, and am ready, as are my co-Directors, to defend ourselves against any legal pro-

ceedings that you and your co-adjutors may think fit to adopt.

I am, &c.

F. HINCKS,

President *Graphic Co.*

[No. 4.]

THE GRAPHIC COMPANY.

To the Editor of the Montreal Herald.

SIR,—To-day you publish a lengthy correspondence, supplied by Sir Francis Hincks, in which, as usual, he has the first and last word. Notwithstanding that he has, on frequent occasions, emptied his vials of wrath on my devoted head, and his phials of ink into your columns, in connection with this subject, I have carefully avoided any controversy in the Press regarding the affairs of this unfortunate Company, but, instead, have sought a more legitimate arena—its stated meetings—where I have endeavoured, and succeeded at last, after nearly two years' hard work, to obtain information about our affairs—a work rendered exceedingly difficult and very disagreeable, owing to the strange unwillingness of the directors to afford us any information whatever. I, in common with the shareholders, asked only what we had a right to demand, and it is for this temerity and audacity that an attempt is being made to place me in a wrong light before the public, and to twist into an apparently personal matter what is, indeed, a matter of great public interest.

I address you for the first, and only time, I hope. Once for all, then, let me remind you, the public and the shareholders, that this is not a personal squabble between the directors and myself, but a matter of public and private interest, involving principles regarding the management of joint stock companies in the Province, and also involving a question, not yet answered, viz: What has become of the capital of the *Graphic Company*, of about three-quarters of a million, and what has become of the princely revenue of about \$300,000, which we now know the

capital has been earning—sometimes more, sometimes less, for the past six years?

Sir Francis avoids the real question at issue, and he has endeavoured to educate the public and the shareholders to look upon the *Graphic* fight as a sort of duel between him any myself, as evidenced by his frequent communications to the press and his personal attacks. He desires by his much writing, to conceal the truth after the manner of the cuttle-fish, which, when pursued by its enemies, sheds in considerable quantities—just like Sir Francis—an inky fluid, and so escapes. The only difference on this occasion, between that molluscous animal and Sir Francis, is that, *malgré* his oft repeated ejections of ink, he will not easily escape me.

The Directors of the *Graphic* Company have too long sheltered themselves behind their mouth-piece—Sir Francis Hincks. These gentlemen, resident here, are Messrs. George Stephen, R. J. Reekie, John Rankin, and George W. Simpson, and my charges against them I will state as briefly as possible.

1st. They have for years refused to give the Shareholders a proper statement of the affairs of the Company, although they have boastfully announced that, if the Shareholders would call at the office, they could see the books and statements. Many of us did so, and were shown the transfer books, and—nothing else!

2nd. They sought for legislation to enable them to wrest the stock from the original Shareholders, and would probably have succeeded, had I not, at considerable cost of time and money, defeated this nefarious attempt before the Committee of the Legislative Assembly at Quebec.

3rd. Failing in this scheme, they, nevertheless, tried to sell to some of their co-Directors the *Graphic* for a trifle. The precise figures I will state presently. In this I again defeated them, by means of an injunction, granted by a Judge of the Superior Court, and this the Directors have never dared seek to remove.

4th. When representing a Committee of Enquiry,

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unanimously appointed by the Shareholders, including the Directors, to visit New York and examine the affairs of the Company, I was sent there under false sailing orders from Sir Francis Hincks, and on my arrival there, the Manager, as he subsequently informed me, in obedience to orders from headquarters, shut the door in my face, and would give me no information whatever.

5th. In order to stifle enquiry, Sir Francis Hincks offered me in writing a seat at the Board, and a bribe of \$5,000, but both, honor and *honorarium* I declined, and now, with cheap dignity, he writes to the Hon. John Hamilton, Chairman of the last appointed Committee, that he can hold no intercourse with him, or the Committee—unless Mr. Morris and myself are dropped out of it—but later on, he says he removes his objections *quoad* my able and learned friend, but can't stand me.

6th. My prime accusation against the directors is that, with a full knowledge of these facts, that our assets, as certified by the auditors appointed by themselves, amount to \$600,000; our revenue to—say \$300,000 (sometimes more, sometimes less)—that, with this knowledge, they nevertheless tried to force a sale to some of themselves at the price of \$25,000 cash, and \$25,000 stock in a new company, with a capital of \$100,000, duly incorporated as the "New York *Graphic* Company, Limited," and filed in the Secretary of States' office, at Albany, on the 26th February, 1877.

7th. The cost of conducting the *Graphic* business, I am informed by letter from the proprietors of leading papers in New York, should not exceed say \$75,000 to \$100,000 per annum; and it is for this, and the facts already given, that I stated at the last meeting, and repeat deliberately and calmly again, that any body of men knowing these facts, and who, in the position of directors (*id est* Trustees—for in all well-regulated communities the terms are synonymous) would attempt to sell secretly to some of themselves, not only without the consent of these shareholders, but in defiance thereof, and of an injunction of

the Court—Sir Francis saying that he was prepared to brave the consequences—would, in my humble opinion, in any other community than this, have been “jugged” long ago. The term, if not agreeable, is at least in every sense “Graphic,” and in this sweeping accusation I include all those directors who, knowing the above facts, were parties to this disgraceful transaction, and I exclude all those who were not parties to it.

8th. The directors sent Mr. James Stewart, of the *Herald*, an expert who, the directors stated, had no superior, to visit New York and report to the shareholders the result of his examination. On his return he plainly told the directors that the management was simply disgraceful and wasteful—that men were employed at large salaries to do nothing, and others at equally large salaries to help them. He recommended a thorough cleansing of this Augean stable. But what have the directors done? Practically ignored his report, and retained the whole lot of incapables; and so, for an indefinite period, we are blessed with the misrule of the same lot of managers and directors who have brought our property to the verge of bankruptcy.

To waste time with these men in conference is an absurdity. A law court is the proper place to seek redress, and this will shortly be our remedy.

Sir Francis Hincks harps on the fact, that the Directors are the largest Shareholders. But he does not tell the public how his Directors purchased from dissatisfied, wearied and frozen-out Shareholders for anything they could get. His illusive statements on this point will be answered in another place; and he speaks as if the minority were to have no consideration whatever. This is the logic of a highwayman, who better armed, and stronger, tells you to “stand and deliver.” He appeals to our commiseration for the personal liabilities of himself and his Directors, but refuses to state what they are; but he does not tell you of the poor Shareholders, who have

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invested their savings on the strength of the names of the Directors—their Trustees!

The Directors, years ago, were warned of the wasteful misrule in the *Graphic* Office, and when one of their co-Directors, Mr. Thomas Davidson, protested against the state of affairs and resigned, Sir Francis turned upon him, with his usual facility of misrepresentation, and said, Mr. Davidson resigned to avoid being turned out! They were warned from without and from within, and yet they continued on their reckless course, and now they tell us they have contracted large personal liabilities! Is that any reason why the punished and patient Shareholders, who merely demand honest and capable management, should be told that they cannot obtain this unless they assume the personal liabilities of the Directors, who, in my opinion, have been guilty of the grossest misconduct, and wilful negligence, amounting almost to a crime. Again, what right have the Directors to conceal the true state of affairs, run our property into hopeless debt, and then turn round and say: "Assume our personal liability, or we will keep what we have control of and take from you your property, continue to mismanage it, and then sell it to whom we please, when we please, and for what we please."

My demands (and I represent a large number of the Shareholders—greater in number, I believe, than the Directors) are very simple, and not, I hope, unreasonable. I ask for a clear and correct statement of all matters pertaining to our business, and an honest and capable management. Neither of these demands the Directors are willing to grant us. Their policy is concealment, and they are evidently afraid of their New York friends, for while, privately, they shy them and write about getting rid of them—they still retain their invaluable services.

It is because I have denounced this state of affairs, and tried to save our property, which, in good hands, is of immense value, that I have been assailed in and out of the Press. It is difficult, I confess, to conceal one's scorn and contempt at such shuffling conduct, and, if I have retaliated, with more vigour, perhaps, than was consistent with personal dignity, it is, at least, attested by the Committee, in spite of all Sir Francis may say to the contrary.

that I was the aggrieved, and not the aggressor; but, even under the provocation offered me, I regret that I yielded to an impulse which is not unusual, when language is made use of, such as Sir Francis applied to me at the last meeting, and which was repeated by his echo, Mr. Bannatyne. I expected, however, that Sir Francis—to use a phrase which he has made historic—would have known better—"at his time of life."

A friendly hint, and I have done, leaving the lawyers to deal with the directors. I feel sure it would add much to the happiness of Sir Francis if he would retire altogether from the chairmanship of the *Graphic* company, which, with the aid of other directors, he has so long mismanaged; and I am sure it would also add much to the well-being of the shareholders if he would retire to that classic and appropriately named suburb, where he has built himself a villa, and there devote his remaining leisure to the study of that great Constitutional question with which he has, *ad nauseam*, recently drenched the daily journals with endless lucubrations. The classic region to which I refer is, figuratively speaking, that from which, judging from his early politics and his later manners, Sir Francis must have originally emerged—the Faubourg St. Antoine.

EDW. ALEX. PRENTICE,
151 St. James Street.

Montreal, May 16, 1878.

To the Editor of the GAZETTE.

SIR,

I, with many other shareholders of stocks in this city and elsewhere, cannot but feel grateful to Mr. Prentice and other gentlemen for the independent and manly position they have taken in exposing the doings of the *Graphic* President and Directors. If other gentlemen who are interested in bank and other stocks would take the same stand at the meetings, we should have less manipulations of directors and their friends out of the funds of their victimized shareholders, who, in many cases, look on quietly, instead of having light thrown on their doings.

A SHAREHOLDER.

MONTREAL, 17th May, 1878.